



The State of New Hampshire  
**Department of Environmental Services**



**Clark B. Freise, Assistant Commissioner**

January 19, 2017

The Honorable Richard Barry, Chair  
House Science, Technology, and Energy Committee  
Legislative Office Building, Room 304  
Concord, New Hampshire 03301

Re: House Bill 317 prohibiting the public utilities commission from increasing the system benefits charge without legislative approval

Dear Chair Barry and Members of the Committee:

Thank you for the opportunity to comment on House Bill 317, prohibiting the New Hampshire Public Utilities Commission (PUC) from increasing the system benefits charge (SBC) without legislative approval. One purpose of the SBC is to support the use of cost-effective efficiency as an energy resource for the state. The New Hampshire Department of Environmental Services (NHDES) opposes this bill.

Each year New Hampshire residents and businesses spend approximately \$1.6 billion for electricity. A large percentage of those dollars immediately leave the State's economy to pay for fossil fuels and other out-of-state fuels. By utilizing cost-effective energy efficiency as a first line resource, the State recaptures some of those dollars and helps reduce electricity costs for all ratepayers.

The electric utilities support cost-effective energy efficiency projects and programs primarily using SBC funds. These projects leverage some level of investment from the owner of the property on which they are implemented. By definition, and by directive of the PUC, the core programs must be cost-effective, meaning that the benefits of reduced energy use must be provided at a cost less than that of supplying the avoided power. Any proposal for use of SBC funds for this purpose is evaluated via a formal docket process in which any impacted party may participate, and is subject to approval by the PUC. The use of SBC funds has undergone stringent review by multiple parties, representing multiple interests, including the interest of ratepayers during these docket proceedings. In September 2016, all intervening parties reached a settlement agreement establishing goals for use of energy efficiency as an energy resource in New Hampshire (docket DE 15-137). In December 2016, a settlement was also reached regarding extension of the 2015/2016 utility efficiency programs (DE 2014-216). Requiring legislative approval prior to any increase to the SBC removes the ability of the PUC, the utilities and intervening parties to respond to changing market conditions and emerging technologies in a timely manner.

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The amount of SBC funding that may be used for efficiency programs is already limited via Revised Statutes Annotated (RSA) 374-F:4, Section VII(e), which states that “targeted conservation, energy efficiency, and load management programs and incentives that are part of a strategy to minimize distribution costs may be included in the distribution charge or the system benefits charge, *provided that system benefits charge funds are only used for customer-based energy efficiency measures, and such funding shall not exceed 10 percent of the energy efficiency portion of a utility's annual system benefits charge funds*” (emphasis added). The legislative oversight committee on electric utility restructuring also receives an annual report relative to the use and effectiveness of these funds

Increased use of low cost energy efficiency as an energy resource helps to mitigate and ultimately reduce long-term energy costs. It creates a market signal that encourages development of cleaner and, in many cases, more local energy sources, and it increases economic opportunities for New Hampshire businesses because implementation of energy efficiency measures cannot be out-sourced. Energy efficiency also reduces the overall demand for electricity, reducing the need for additional capital investment in generation, transmission, and distribution to meet increased demand. An editorial that outlines the need for, and benefits of, investing in energy efficiency, signed by all settling parties to the two previously mentioned dockets, is attached.

Thank you again for the opportunity to comment on HB 114. If you have any questions or require further information, please contact Rebecca Ohler, Administrator, Technical Services Bureau ([rebecca.ohler@des.nh.gov](mailto:rebecca.ohler@des.nh.gov), 271-6749) or Craig Wright, Director of the Air Resources Division ([craig.wright@des.nh.gov](mailto:craig.wright@des.nh.gov), 271-1088).

Sincerely,  
  
Clark B. Freise  
Assistant Commissioner

cc: Sponsors of HB 317: Representatives Vose, D.Thomas, Kurk, Cordelli, Carr

**September 8, 2016** - distributed to the following papers:

Salmon Press, NH Business Review, Concord Monitor, Business NH Magazine, Nashua Telegraph, Berlin Daily Sun, Area News, Eagle Times, Caledonian Record, Goffstown News, Colebrook News and Sentinel, Eagle Tribune, Derry News, Union Leader, Mount Washington Valley News, Colebrook Chronicle, Keene Sentinel, Patch, Eagle Times, Seacoast Online, Nutfield Publishing, InDepthNH, Valley News, The Citizen

## **Energy Efficiency Standard Provides Opportunity for New Hampshire**

By: Settling Parties to the NH Energy Efficiency Resource Standard

One of New Hampshire's economic engines is getting a boost with the start of a new Energy Efficiency Resource Standard. Utilities, state agencies, businesses and advocates all came together this year to develop a new energy efficiency framework that strengthens our state's commitment to reducing energy costs and helps keep New Hampshire's energy dollars from leaving the state economy.

Each year, across New Hampshire we spend more than \$6 billion on energy. A large percentage of those dollars immediately leaves the state's economy to pay for petroleum and other out-of-state fuels. Energy efficiency helps us recapture some of those dollars. This makes energy bills more manageable and frees up savings that can be used by New Hampshire's families and business for other necessities and investments.

The new energy efficiency standard establishes specific targets for energy savings that utilities must meet. By 2020, New Hampshire will realize cumulative energy savings equal to 3.1 percent of 2014 electric sales and 2.25 percent of 2014 natural gas sales.

Those savings will build upon the utilities' award-winning "NHSaves" programs that help customers reduce energy by using new technologies and improving buildings. The new energy efficiency framework makes programs more available to lower-income families and also makes a wide range of incentives available to help families, businesses, municipalities and non-profits take advantage of cost-saving energy efficiency projects.

While those who choose to participate directly in energy efficiency programs will benefit immediately from lower energy bills, those who don't choose to become active participants will also benefit. There will be less wear-and-tear on the energy grid, less need to build new power plants, and less need to rely on the higher-cost power plants that keep the system running on hot summer days and chilly winter nights.

Energy efficiency is what we often refer to as the "lowest cost resource." It costs much less to reduce the amount of energy we use through more efficient products and buildings than it does to produce, transmit and distribute energy.

Beyond achieving cost-effective savings, energy efficiency provides many other benefits to our communities. The contractors who perform building improvements and equipment installations are usually local businesses employing skilled New Hampshire workers. Improving the efficiency of our buildings also improves air quality and comfort, giving us safer, healthier and more enjoyable spaces to live, play, and work.

The savings and value of energy efficiency are real and quantifiable. The programs are required to be cost-effective under stringent tests. The Public Utilities Commission, independent evaluators and ISO-New England measure and verify the savings these programs offer us on an annual basis. ISO-New England, as the independent non-profit that oversees New England's electricity grid, not only quantifies energy efficiency results, it counts on those reductions in its regional planning. When we cut costs region-wide through reliable and low-cost efficiency measures, we make sure that New Hampshire energy bills are more manageable as a direct result of energy efficiency.

The new energy efficiency standard provides New Hampshire families, businesses, towns, and non-profits an opportunity to reduce their utility bills, achieve long-term savings that result in system-wide cost-reductions, improve the comfort and safety of our buildings, and increase economic activity in the state.

Thousands of residents and businesses across the state can tell you about the savings they have already seen from past energy efficiency projects. However, there is more demand for energy efficiency than current programs can meet. These programs are very popular and as a result they frequently become oversubscribed. This causes projects to be delayed and leaves additional savings on the table. With the implementation of an energy efficiency standard, we look forward to working together with families, businesses, legislators and other leaders to complete more efficiency projects and achieve greater energy savings that will benefit all of us here in New Hampshire.

*The Settling Parties to the New Hampshire Energy Efficiency Resource Standard are: Eversource Energy; Unitil Energy Systems; Liberty Utilities Corp.; New Hampshire Electric Cooperative; New Hampshire Legal Assistance for The Way Home; Belknap-Merrimack Community Action Agency; Southern New Hampshire Services; Conservation Law Foundation NH; The Jordan Institute; NH Sustainable Energy Association; Acadia Center; TRC Energy Services; Representative Robert Backus, pro se; New Hampshire Office of Energy and Planning; New Hampshire Department of Environmental Services; and the Office of the Consumer Advocate.*